



NEWS RELEASE

United States Department of Agriculture • Rural Development

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FOR IMMEDIATE RELEASE

Low-Interest, No-Down-Payment Home Loans Available Through USDA Rural Development

Programs Assist More Than One Thousand Iowa Families Each Year

DES MOINES, Iowa – February 19, 2009 – USDA Rural Development has a low-interest, no-down-payment loan program available to help eligible families living in rural communities make essential repairs to their homes. Loans have a fixed rate as low as one percent and typically may be repaid over a term of 20 years. Direct and guaranteed loans and grants are also available to help families with purchasing a home.

Examples of eligible projects include repair/replacement of storm doors, windows, steps, furnaces, water heaters or roofs. Funds can also be used for insulation, electrical, plumbing, septic and water systems, and to provide accessibility for persons with disabilities. Homes repaired with these funds must be located in communities of less than 20,000 people or in rural areas.

To be eligible for a repair loan, the family applying must own and live in the home to be repaired, lack personal resources to pay for needed repairs, have a good credit history and have repayment ability. Rural Development also has grants available to help applicants who are 62 or older remove health and safety hazards or to make their homes handicap accessible.

“During the past year Rural Development assisted 1,600 families in rural communities with these programs,” Timothy Helmbrecht, USDA Rural Development Acting State Director in Iowa said. “While economic development in rural areas can be accomplished in so many different ways, at its foundation is a community’s ability to provide its residents with decent, safe and affordable housing.

Direct Loan Program

The Direct Loan Program is available to low to very low income individuals to purchase a home. To qualify for assistance household income must fall under income limits for the county and household size. Information about eligibility can be found at <http://eligibility.sc.egov.usda.gov>.

No down payment is required for this program and the closing costs may be included in the loan. Under this program an applicant may be eligible for payment assistance, which

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“USDA is an equal opportunity provider, employer and lender.”

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).



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would subsidize the interest portion of the house payment down to as low as 1 percent, lowering the overall monthly payment amount.

Eligible homes must be located in a community of 20,000 persons or less. The home can be existing or new construction. Also, the property cannot have any income-producing outbuildings.

Applicant's eligibility requirements include good credit history, adequate and dependable income and repayment ability for the loan.

Guarantee Loan Program

The Guarantee Loan Purchase Program is for households that do not exceed the moderate-income limits. This program is administered by a local lender who takes the application, processes it and determines the acceptability of the home to be financed.

The applicant's income cannot exceed the county's income limit, which varies by county and family size. This program requires no down payment and offers a 30-year fixed rate mortgage at bank interest rates for the purchase of construction of a home. Loan limits are based on an applicant's repayment ratios.

The Guaranteed Underwriting System (GUS) can help lenders pre-qualify loan applicants in a matter of seconds. Automation is also applied to property and adjusted-income eligibility determinations.

USDA Rural Development is an equal opportunity lender with a variety of direct and guaranteed rural credit programs involving single and multi-family housing, community facilities, water and sewer development and business and industry programs.

Each year USDA Rural Development invests more than \$100 million in loans and grants that provide rural Iowa residents with decent, safe and sanitary single or multi-family housing.

Contact USDA Rural Development

For more information about this or other housing programs available through USDA, please call Karen Reuter or Judy Geiken at the Rural Development office in Iowa Falls at (641) 648-5181. You can also visit with them in the office between 8 a.m. and 4:30 p.m. at 840 Brooks Rd.

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The Iowa Falls office serves Butler, Cerro Gordo, Floyd, Franklin, Grundy, Hardin, Marshall, Mitchell, Tama and Worth Counties. Rural Development staff will gladly meet with homeowners locally in any of these counties.

USDA Rural Development has 11 offices across the state to serve the 1.9 million Iowans living in rural communities. Office locations include a state office in Des Moines, along with area offices in Albia, Atlantic, Humboldt, Indianola, Iowa Falls, Le Mars, Mount Pleasant, Storm Lake, Tipton and Waverly.

USDA Rural Development's mission is to deliver programs in a way that will support increasing economic opportunity and improve the quality of life of rural residents. As a venture capital entity, Rural Development provides equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure.

Further information on rural programs is available at a local Rural Development office or at www.rurdev.usda.gov/ia.

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